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U.S. Policy Toward the Asia Pacific Region

Remarks to the Asia Pacific Parliamentary Forum
by

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Co-chairs, Representative Houghton and Senator Akaka, and Forum President Nakasone, thank you.

Welcome and aloha. It is a great honor to follow Speaker Hastert and to be invited to speak to your eminent assembly. This meeting of the Asia Pacific Parliamentary Forum -- a most distinguished gathering of respected lawmakers from across and around the Asia Pacific -- is an honor for the United States and for Hawaii. Both as one who makes his permanent home in Hawaii and as a junior member of President Bush's administration in Washington, it is a pleasure to welcome each of you.

On the minds of all Americans since the terrible crimes of September 11 has been terrorism. President Bush's overriding concern has been the Global Coalition Against Terrorism. So I must begin by expressing

unqualified appreciation -- deep thanks -- for excellent support from every one of the countries whose legislators are with us today.

Terrorism:

- A threat to each one of us.
- As Speaker Hastert pointed out, WTC had losses from more than 60 nations.
- UNSC resolutions 1368 and 1373.
- In the Asia-Pacific region, a fine response from allies: Japan, Korea, Australia, Thailand and Philippines.
- Great support from old and new friends in the region: China, Russia, New Zealand, Singapore, Southeast Asian countries, Pacific Island Nations.
- Specially valued support from countries with significant Muslim populations : Malaysia, Indonesia, Brunei, Philippines, too. This was not a war against Islam, but against those abusing it.

How has my country been helped? I can scarcely count the ways, recognizing that geography, size, wealth all affect the ways that any country may contribute.

- the sympathy and condolences were deeply appreciated.
- exchange of information;
- some have offered military forces;
- some have offered airspace access;

- very many (UNSC resolution 1373) have taken important measures against illegal transfers of money, a fuel of those who would move quietly around the world on deadly missions;
- support for the reconstruction of Afghanistan.

The war on terrorism is not over -- even our three immediate objectives (the end of al Qaida and Usama bin-Laden, the end of Taliban control of Afghanistan, and the rebuilding of Afghanistan so it can never again be hijacked by outsiders) are incomplete.

POLICY Cooperation against terrorism fits well with U.S. policy objectives toward the Asia Pacific that go to President Bush's inauguration, less than a year ago.

It is true that opportunities for specific speeches focussed on Asia-Pacific policy by the President and the Secretary of State that were planned for September and October had to be postponed.

- President Bush had to postpone his planned October visits to Tokyo, Seoul, and Beijing.

- But he was determined to attend the APEC leaders' meeting in Shanghai.

- President Bush met many leaders of our region there; he met several privately and at length to go with the many leaders he had met with in Washington and at the UN in New York.

- The President has worked to convince each of America's determination.
- My opinion: U.S. foreign and domestic policies now more than ever cut from same cloth.

There were other purposes at Shanghai. APEC showed a modernizing China -- now a WTO member -- at its best. President Jiang seemed to be very satisfied, as well he might have been.

U.S. Asia- Pacific policy is based on our tested alliances in the region, and enlarged by key friendships. Both are enhanced by committed engagement with multilateral organizations, especially APEC, ASEAN and ARF.

In addition to economic, trade and diplomatic engagement in the APR, we have a significant military presence that allows us to play a crucial role as regional balancer and security guarantor to our allies.

Unlike Europe, Asia is still a place in which armed conflict could occur with little warning between major powers. So the U.S continues its commitment to a military presence in the region. It is part of the unique American role in this part of the world, and there is no one better able to articulate how this presence contributes to stability and deters war than

our Pacific Commander-in-Chief, Admiral Dennis Blair, who will speak to you tomorrow.

American economic and trade policies in the region are centered, of course, on multilateral institutions of which the WTO is the most prominent. Although most public attention in Shanghai was paid to political matters, terrorism, and China's rise, APEC Shanghai gave further momentum to APEC's ongoing efforts of trade liberalization and facilitation. This year's meeting in Mexico gives further promise as an action forcing event to continue this progress.

APEC was followed by the launch of a new trade round at Doha, at the WTO meeting there.

Globalization is said to have downsides and dangers, mostly to those who have willingly or unwillingly missed out, or who fear making institutions transparent or other reforms. Sometimes lose sight of the great extent to which poverty has been diminished around the world, and nowhere greater than in Asia. The WTO is about cooperation through trade and investment flows -- making rules for trading -- and finding ways to resolve disputes, but despite shortsighted criticism, far more are better off through this mechanism. And Doha came out better than most had expected.

In Washington, trade priority beyond launching a new round has been to obtain needed Trade Promotion Authority - to enable full negotiation of further trade enhancing agreements - and our House of Representatives did vote that favorably before the holiday. Our Senate will consider the matter soon.

Support to another multilateral institution, ASEAN, has been an important and reemphasized element of U.S. policy toward the region:

- Secretary Powell met early with all ten of the ASEAN ambassadors.
- He participated with energy in the July Hanoi Post Ministerial meeting and the ASEAN Regional Forum.
- An U.S.- ASEAN dialogue was held in Washington this fall for the first time since 1993.
- New direct financial support is being provided to ASEAN-wide initiatives through the Secretariat.
- The ARF - ASEAN Regional Forum - provides the region's only broad venue for discussion of security questions. It is not a crisis mechanism, but is progressing toward confidence building measures and an enhanced role for its rotating Chair.

Yet we are mindful that ASEAN is not a country, and bilateral relationships are a priority with each of the ten members.

Japan: What is not new in Asia is the primary essentiality to both sides of the U.S.-Japan alliance. Prime Minister Koizumi and President Bush have established an effective and warm working and personal relationship, in some ways reminiscent of the warm relationship between then Prime Minister Nakasone and President Reagan.

The US Japan alliance is the linchpin of US security strategy in East Asia. And the response to the current campaign has been especially welcome, including the enactment by the Diet this fall of three measures that facilitate US -Japan cooperation. The dispatch of self-defense maritime forces to the Indian Ocean is also most welcome and provides meaningful support to coalition forces.

A strong Japanese economy is critical to the regional and global economy, and the U. S. is strongly supportive of Prime Minister Koizumi's efforts to implement a reform agenda.

What actions that Japan needs to take are for Japan to decide -- a difficult mix of political and economic measures. But our own belief is that the best way to create a basis for renewed growth in Japan is to address the parallel problems of non-performing loans in the banking system and non-performing assets in financial, corporate and state sectors. It is important that assets not be just removed from balance sheets but put into play.

Korean Peninsula: The alliance of the U.S. and the ROK remains firm. North Korea remains a curious and little known place, starving part of its population, selling drugs and ballistic missiles, and continuing a huge diversion of its scarce resources into its million man army and the tense inter-Korean border called the DMZ. U.S. policy has no better idea for dealing with North Korea than President Kim Dae-jung's constructive engagement or Sunshine policy. He has worked tirelessly for peace and to encourage the economic reforms so essential to the North's well being.

Tension on the peninsula is essentially an issue for Koreans to resolve. U.S. _ DPRK contacts support North-South rapprochement. In that respect, U. S. policy toward North Korea was intensively reviewed last Spring and these results stand. We support South Korea's policies of reconciliation and are prepared to begin serious negotiations with North Korea -- as Secretary Powell puts it "anytime, anyplace, without preconditions." But so far North Korea has been unwilling to start talks, although our food aid continues and routine U.S.-DPRK contacts are frequent.

We are also determined to keep the trilateral policy (TCOG) Coordination process -- among Seoul, Tokyo and Washington --going, and we had four meetings last year. We expect to have another quite soon.

China: The questions about China are the crucial ones in Asia. Its remarkable growth continues, and major investment flows come in to add to the major savings of the Chinese people. Yet, in looking to the future, everyone in Asia wants to know how boldly an engaged, internationalist China may seek to act. But as seen at APEC in Shanghai and now with WTO membership, China is demonstrating a confident future as a leading part of the international community.

Without dispute, the Sino-American relationship has experienced ups and downs over the last year, and many in and out of Asia expressed apprehension during the last year. But I believe these concerns were exaggerated, certainly not based in statements by the President or Secretary Powell. There is much consensus in the U.S. committed to a trading and prosperous China.

The April 1 incident of a collision between a Chinese military aircraft and an American EP-3 patrol aircraft was troubling in several respects, but it also showed fairly quickly an ability of China and the U.S. to cooperate to solve problems.

Since then, and as shown by the major bilateral meeting at Shanghai in October of Presidents Bush and Jiang, a working relationship has been established that defies description by a few words or any slogan. Our two countries are too large and our interests and activities too complex for that. But our Chinese friends frequently use

"cooperative and constructive," and I cannot disagree, although I would add "candid," because we can speak freely about areas where we may disagree.

We enter 2002 looking forward to a rich dialogue in many areas with China including difficult ones such as human rights, freedom of religious practices, non-proliferation and strategic forces, including ballistic missiles and ballistic missile defense. The strategic part of our dialogue will soon begin with the visit of Vice Foreign minister Li Zhaoxing to Washington.

Of course, despite our soaring trade deficit with China and the increasingly dominant share of investment into Asia going to China, and the enviable growth figures for China that seem to go on and on, there is still uncertainty for China's leaders to confront severe regional disparities in growth and prosperity, manage a huge economy with banking and loan problems of great dimension, and contend with the hobbling legacy of very large state-owned enterprises.

There is still reason to worry about Taiwan Strait tensions. Recent Taiwan elections have led to ferment from which a new political balance may emerge in Taipei. And the leadership transition in China, focussed on this year's 16th Party Congress, is not yet complete.

Concerning Taiwan, "Peaceful resolution" is the *sine qua non* of Sino-American relations, and U.S. policy, as it has been for so long, is that the three Sino-U.S. communiqués continue to guide U.S. policy, and the Taiwan Relations Act -- passed in 1979 -- governs. China should

know that it should earn Taiwan's trust and not seek to force it. Of course, the remarkable cross-strait economic interaction now apparent could show the way.

INDONESIA. President Megawati, who leads the world's largest predominately Muslim country, was a welcomed White House visitor very soon after 9/11. We support President Megawati and her difficult process of democratizing Indonesia and reforming its troubled economy. We support the territorial integrity of Indonesia and hope to assist where we can.

PHILIPPINES . Prsident Arroyo had a great visit to Washington in November. We support her in managing and reforming a difficult economy. Crime and kidnapping are a serious problem for Manila and the U.S. will work with the Phipppine leadership to help train Philippine response forces and assist President Arroyo.

Looking to the Future:

As U.S. foreign policy becomes what we do day by day, being engaged and committed in Asia is the certainty. We respect the region's vitality and we try to listen carefully to its new and old wisdom. We believe the United States is needed in Asia and that we are welcome there. More important, in our own interests, America has to be involved in this vibrant part of the world. But American policy will continue to

grope with the complexities of how economic and security issues interrelate, and how to encourage three big countries -- China, India, and Russia -- to reach their enormous potential without being tempted to abuse power.